

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

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DEPT PASS TREAS FOR SUNLEY, BISSELL AND BLAKE

E.O.11652: N/A

TAGS: EFIN, OECD

SUBJECT: TAXATION OF MNC'S

REF: (A) DAF/CFA/WP6/74.5

(B) DAF/CFA/WP6/75.6

1. SUMMARY. AT MEETING APRIL 9-10, WP6 OF COMMITTEE ON FISCAL AFFAIRS REVISED DRAFT PROGRESS REPORT TO COUNCIL ON WORK ON TAXATION OF MNC'S, AGREED TO ESTABLISH AD HOC GROUP TO EXAMINE PROPOSALS ON TRANSFER PRICING, AGREED TO REQUEST INFORMATION ON TAX HAVENS AND TRANSFER PRICING FROM BIAC, AND AGREED TO TAKE UP QUESTION OF TAX HAVENS AT SUBSEQUENT MEETINGS OF WP6. END SUMMARY.

2. SECRETARIAT WILL PREPARE NEW EDITION OF DRAFT PROGRESS REPORT ON MNC TAXATION (REF A) BASED ON NUMEROUS COMMENTS DURING MEETING, FOR CONSIDERATION BY WP6 IN MAY. AT U.S. INSISTENCE, CONSIDERATION OF TAX DISINCENTIVES WAS ADDED TO CHAPTER ON TAX INCENTIVES. WP6 ALSO ADOPTED U.S. PROPOSAL THAT SPECIFIC COMMENT BE MADE IN REPORT ON LIMITED OFFICIAL USE

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FUTURE WORK PROGRAM.

3. DECISION ON EXACT NATURE OF NEXT STAGE IN WORK PROGRAM ON TAX INCENTIVES-DISINCENTIVES WAS DEFERRED DUE TO PROBLEMS RAISED BY NUMBER OF REPS ON DEFINITIONS AND DIFFICULTIES IN ISOLATING EFFECT OF FISCAL INCENTIVES FROM OTHER INCENTIVES TO INVESTMENT.

4. AFTER CONSIDERING BIAC LETTER TO CHAIRMAN (REF B), WP6 AGREED TO ACCEPT BIAC SUGGESTION THAT BIAC MAKE EFFORT TO DEVELOP LIST OF TRANSFER PRICE "INDICATORS." SECRETARIAT WILL DRAFT LETTER TO BIAC SUGGESTING PROVISIONAL AGENDA FOR DISCUSSION OF TRANSFER PRICING AND TAX HAVENS AT JOINT WP6/BIAC MEETING IN EARLY FALL. DISCUSSION OF UTILITY OF REQUESTING BIAC VIEWS ON TAX INCENTIVES AND DISINCENTIVES REVEALED CONSENSUS THAT BIAC WOULD PROVIDE LITTLE NEW INFORMATION. FURTHER PREPARATIONS FOR JOINT WP6/BIAC MEETING WILL BE MADE AT NEXT FEW WP6 MEETINGS.

5. AD HOC GROUP ON TRANSFER PRICING (U.S., FRANCE AND U.K.) WILL HOLD FIRST MEETING MAY 14 IMMEDIATELY FOLLOWING NEXT MEETING OF WP6 ON MAY 13.
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Message Attributes

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